

19/11/2000

## VALUATION OF NtO at the beginning of 2000

### Scenario A

market share 1,0% - price per click 0,6\$ - wacc 20%

#### Market assumptions

Customer base in 2000 200,000,000 internet user connexions  
Future Market Growth 20% for the following 5 years

#### Other assumptions

NtO market share for 2001 1,0% user base can be obtained through an alliance  
Market share growth 20% per year for the first 5 years  
avg. hourly exposure per day 0,5 no change in future habits is assumed  
avg # of ads per hour 6 no change in future habits is assumed  
Price for a click-through 0,6  
Commission on a click-through 50,0%  
Revenue for a click-through 0,30 = price of a click-through x commission

Cost of goods sold 5% of revenues  
Marketing expenses 10% of revenues  
Selling expenses 20% of revenues  
G&A expenses 5% of revenues  
Hardware & Software costs 5,000,000 depreciated equally in 5 years

Corporate taxes 40%

WACC 20%

CV = FCF(2005) / WACC conservative scenario for a fast growing market

	2001	2002	2003	2004	2005	CV
Customer base	200,000,000	240,000,000	288,000,000	345,600,000	414,720,000	
Market share	1,0%	1,2%	1,4%	1,7%	2,1%	
Registered users to NtO	2,000,000	2,880,000	4,147,200	5,971,968	8,599,634	
avg. hourly exposure per day	0,5	0,5	0,5	0,5	0,5	
avg # of ads per hour	6	6	6	6	6	
Click-through per day	6,000,000	8,640,000	12,441,600	17,915,904	25,798,902	
Click-through per month	180,000,000	259,200,000	373,248,000	537,477,120	773,967,053	
Click-through per year	2,190,000,000	3,153,600,000	4,541,184,000	6,539,304,960	9,416,599,142	
Price for a click-through	0,6	0,6	0,6	0,6	0,6	
Commission on a click-through	50,0%	50,0%	50,0%	50,0%	50,0%	
Revenue for a click-through	0,30	0,30	0,30	0,30	0,30	
Revenues per month	54,000,000	77,760,000	111,974,400	161,243,136	232,190,116	
<b>Revenues per year</b>	<b>657,000,000</b>	<b>946,080,000</b>	<b>1,362,355,200</b>	<b>1,961,791,488</b>	<b>2,824,979,743</b>	
Ad Turnover per year	1,314,000,000	1,892,160,000	2,724,710,400	3,923,562,978	5,640,859,486	
Total Online ad per year	9,500,000,000	13,500,000,000	17,500,000,000	21,000,000,000	24,000,000,000	
NtO's % of total Online ad	13,8%	14,0%	15,6%	18,7%	23,5%	
Cost of goods sold	32,850,000	47,304,000	68,117,760	98,089,574	141,248,987	
Marketing expenses	65,700,000	94,608,000	136,235,520	196,179,149	282,497,974	
Selling expenses	131,400,000	189,216,000	272,471,040	392,358,298	564,995,949	
G&A expenses	32,850,000	47,304,000	68,117,760	98,089,574	141,248,987	
Depreciation expense	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	
<b>Expenses per year</b>	<b>263,800,000</b>	<b>379,432,000</b>	<b>545,942,080</b>	<b>785,716,595</b>	<b>1,130,991,897</b>	
EBIT	393,200,000	566,648,000	816,413,120	1,176,074,893	1,693,987,846	
Taxes on EBIT	157,280,000	226,659,200	326,565,248	470,429,957	677,595,138	
NOPLAT	235,920,000	339,988,800	489,847,872	705,644,936	1,016,392,707	
plus:						
depreciation expense	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	
CAPEX						
<b>FCF</b>	<b>236,920,000</b>	<b>340,988,800</b>	<b>490,847,872</b>	<b>706,644,936</b>	<b>1,017,392,707</b>	<b>5,086,963,537</b>
NPV(FCFI)	197,433,333	236,797,778	284,055,481	340,781,701	408,867,311	2,044,336,555
NPV(FCF)	3,512,272,160					
+cash & cash equivalents						
-debt	-5,000,000					
<b>Value of the company (\$)</b>	<b>3,507,272,160</b>					
Total FCF	7,874,757,852					

**Survey in 1999**

Click-through/impression rate

1.5% (optimistic value)

Price for 1000 impressions

30 \$ and going down

Price for a click-through

3.0 \$ if both of the above go down, that should stay approximately the same

**DoubleClick in 2000**

Impressions per month

30,000,000.000

Click-throughs per month

300,000.000

Annual revenues

280,000,000 \$

Revenue for a click-through

0.07 \$

Commission on a click-through

2.3% assumption

Price for a click-through

3.0 \$ directly comparable to the survey, should stay the same or even increase